

CSA

2016 ENFORCEMENT REPORT



CANADIAN SECURITIES ADMINISTRATORS • AUTORITES CANADIENNES EN VALEURS MOBILIERES

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ABOUT THE CSA

THE CANADIAN SECURITIES ADMINISTRATORS (CSA) IS THE COUNCIL OF THE 10 PROVINCIAL AND THREE TERRITORIAL SECURITIES REGULATORS IN CANADA.

The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices. Members of the CSA also promote fair, efficient and transparent capital markets through the development of harmonized securities regulation, policy and practice.

The CSA seeks to streamline the regulatory process for companies that wish to raise capital and for individuals and companies working in the investment industry.

While most enforcement activity is conducted locally, CSA members also work together on multi-jurisdictional investigations, and share tools and techniques that help their staff investigate and prosecute securities law violations that cross borders.

AS GLOBAL FINANCIAL MARKETS EVOLVE, CSA MEMBERS KEEP ABREAST OF EMERGING TRENDS IN SECURITIES-RELATED MISCONDUCT AND AIM TO IMPROVE OUR ENFORCEMENT PROCESSES ACCORDINGLY.

Through the introduction of initiatives and increased collaboration with other securities and law enforcement agencies, and guided by our new three-year business plan and priorities, CSA enforcement teams across the country work to protect the integrity of Canada's capital markets and strive for responsive, collaborative and effective enforcement of Canada's securities laws.

Our efforts to prosecute serious cases in the courts resulted in several significant jail terms in 2016. These included a four-year sentence in the Wallace and Heward case in Ontario, a three-year sentence in the Morin case in Québec and a 27-month sentence in the Castano case in B.C. We also saw an increase in the number of criminal proceedings commenced and concluded in 2016. The increase follows CSA members' efforts, in recent years, to collaborate more closely with law enforcement agencies. The Alberta Securities Commission (ASC) and RCMP announced a Joint Serious Offences Team this past year, following similar initiatives in Ontario and Québec.

Among the activities involving CSA Enforcement staff in 2016, we made significant efforts in combating illegal insider trading and tipping, serious market abuses that undermine the fairness and integrity of our capital markets. The NStein case in Québec and the Postrado case in Ontario illustrate CSA members' notable successes in this area. As well, multiple CSA members worked to stop the activities of people who were allegedly trading in securities while possessing privileged information by using search warrants, asset freezes and cease trade orders.

Our teams are also dedicated to identifying and responding to emerging issues and trends to protect Canadians investors. For example, in 2016, CSA members issued numerous investor alerts to warn Canadians of the risks of binary options investing, and initiated a task force to facilitate intelligence-sharing with international regulators. In a world of algorithmic trading and massive trading volumes, CSA members also collaborated on information systems, launching an initiative to develop a new national market analytics platform. This important electronic oversight project will enhance our ability to identify and investigate potential misconduct in our markets.

Ways to improve enforcement effectiveness are diverse. In 2016, three additional CSA members implemented legislation for automatic reciprocation of other securities regulators' decisions, a change which was made in Alberta in 2015. Now any order imposing sanctions, conditions, restrictions or requirements issued by another CSA regulator or securities administrative tribunal based on a finding or admission of a contravention of securities legislation is now automatically reciprocated in Alberta, New Brunswick, Nova Scotia and Québec.

Also, the Ontario Securities Commission (OSC) used its recently implemented no-contest settlement program to successfully return more than a quarter of a billion dollars (approximately \$320 million) to investors.

In 2016, the OSC and the Autorité des marchés financiers (AMF) put in place whistleblower initiatives to encourage individuals to come forward with tips on possible violations of securities law. Whistleblowers share information that might not otherwise come to light, enhancing regulators' ability to identify and pursue potential misconduct. The whistleblower programs have already shown signs of early success, attracting several credible tips.

Further, CSA members stay on top of international securities regulatory issues, in part through membership in the International Organization of Securities Commissions (IOSCO), which is recognized as the global standard-setter in

securities regulation. Involvement in IOSCO creates opportunities to share information with CSA members' international counterparts, allowing us to contribute to and benefit from a larger pool of knowledge and enhance our enforcement efforts accordingly. Last year, Jean-François Fortin, Executive Director of Enforcement at the AMF, was appointed Chair of the IOSCO Committee on Enforcement and the Exchange of Information and of the Screening Group. Maureen Jensen, Chair and CEO of the OSC, was also appointed Chair of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (MMoU) Monitoring Group.

Securities enforcement goes far beyond the numbers and cases presented in this report. Investments are increasingly complex and borderless, constantly influencing the nature and the scope of our work and making international, national and regional collaboration vital. Every day in 2016, CSA members responded to that challenge by working with law enforcement agencies, cooperating across borders and remaining diligent in enforcement and oversight. We will continue our efforts in 2017 to decrease the prevalence of securities misconduct in Canada.

Louis Morisset
Chair, CSA

THE CANADIAN SECURITIES MARKET

| | |
|--|-----------------------|
| Market capitalization ¹ | \$2.73 trillion |
| Total Issuers ² | 3,942 |
| Total Investment Fund Issuers ² | 3,910 |
| Total Registrants (firms) ³ | 3,179 |
| Total Registrants (individuals) ³ | 122,556 |
| Registered Plan Assets ⁴ | \$1.5 trillion |
| Assets Under Management | \$1.4 trillion |
| Pension Fund Assets ⁴ | \$1.9 trillion |
| Total Financial Wealth ⁴ | \$3.8 trillion |
| Size of Exempt Market ⁵ | approx. \$150 billion |

1 Data from the TMX Market Intelligence Group Report as of November 2016 (includes only equity).

2 For 2016, total issuers and total investment fund issuers were calculated by adding the number of reporting issuers in the jurisdiction that is their Principal Regulator, as at December 31, 2016, across the CSA. Number of issuers does not include cease-traded issuers.

3 Data compiled from the National Registration Database (NRD), and includes registered and exempt firms and registered and permitted individuals across the CSA.

4 Data from Investor Economics, Household Balance Sheet, through December 2014. Pension fund assets include CPP and QPP. Registered plan assets include assets in RRSPs, DPSPs, TFSAs, RDSPs and RRIFs.

5 Data from reports of exempt distribution filed in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia for investments made by Canadian resident companies, institutional investors, investment funds and individuals using prospectus exemptions in 2012. The figure includes only investments made under five of the available prospectus exemptions that trigger reporting requirements under securities laws.

KEY PLAYERS IN ENFORCEMENT



IN CANADA, A NUMBER OF LAWS AND RULES GOVERN CAPITAL MARKETS AND MARKET PARTICIPANTS, WITH DIFFERENT AGENCIES ENFORCING THESE LAWS AND RULES.

Each agency fulfills a different role in the overall regulation of capital markets. CSA members administer and enforce the securities laws in each jurisdiction, whereas criminal authorities enforce the *Criminal Code*.

SECURITIES LAWS AND REGULATORS

Securities laws in each province and territory provide the legal foundation for regulatory requirements related to the capital markets. This includes any regulations or rules under each *Securities Act* and any rulings, orders and decisions issued by securities regulators. Securities laws impose requirements on issuers, registrants and other market participants in order to maintain a fair and efficient capital market.

An effective regulatory enforcement regime is rooted in strategies that focus on the protection of and the prevention of harm to investors. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities and other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before an adjudicative panel of a securities commission

or an associated tribunal. Securities legislation authorizes CSA members to seek administrative sanctions for securities-related misconduct, including monetary sanctions and prohibitions on market participation or access. Such sanctions are intended to deter misconduct and to protect investors from harm.

Securities legislation also establishes quasi-criminal offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and/or a fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may investigate and refer cases of quasi-criminal offences to Crown counsel for prosecution. CSA members have no authority to order a term of imprisonment; this can only be done by a judge.

CRIMINAL CODE AND LAW ENFORCEMENT AGENCIES

The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) that could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those who have committed securities-related misconduct. Penalties for committing offences can include a term of imprisonment and/or a fine under the *Criminal Code*. The pursuit of an offence under the *Criminal Code* requires charges to be laid by law enforcement or the Crown. The prosecution is then pursued by Crown counsel.

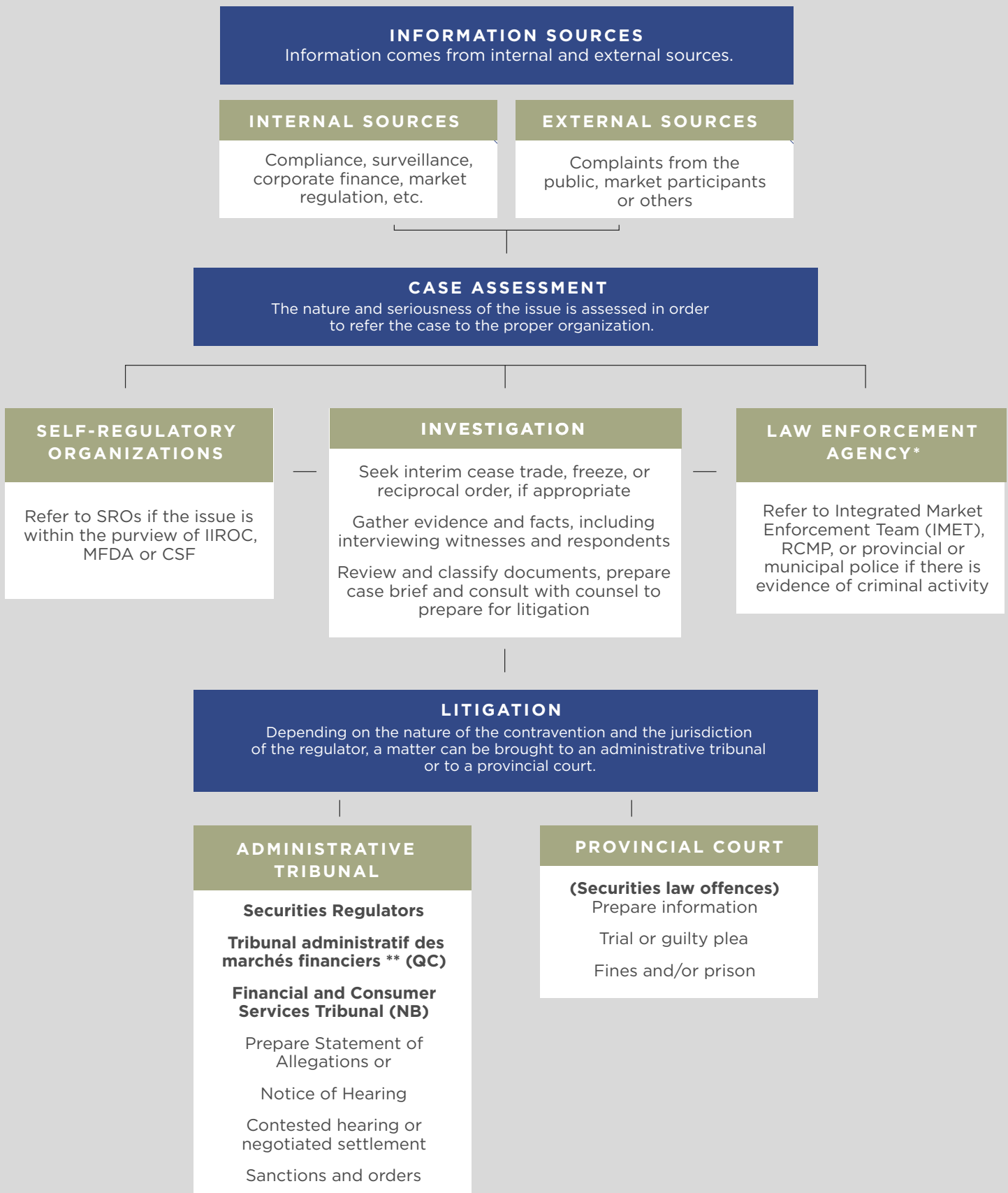
CSA members collaborate with law enforcement agencies on a regular basis. Staff from certain members provide specific expertise, such as forensic accounting and knowledge of the capital markets, and work jointly with police on investigations into alleged violations of the *Criminal Code*. The British Columbia Securities Commission's (BCSC) Criminal Investigations Team cooperates with police to investigate individuals suspected of committing offences under the *Criminal Code* and *Securities Act* (B.C.). Québec's Autorité des marchés financiers (AMF) has enforcement partnerships with the Sûreté du Québec's Financial Crime Market Unit and the Royal Canadian Mounted Police (RCMP). The Joint Serious Offences Team of the Ontario Securities Commission (OSC) is a partnership among the OSC, the RCMP Financial Crime program and the Ontario Provincial Police Anti-Rackets Branch to conduct joint investigations using provisions of the *Securities Act* (Ontario) and/or the *Criminal Code*. The Alberta Securities Commission (ASC), in partnership with the RCMP and Alberta Crown Prosecution Service, have created a Joint Serious Offences Team for the investigation and prosecution of breaches of the *Securities Act* (Alberta) and/or the *Criminal Code*. Collaborative investigations can lead to convictions under the *Criminal Code* and court-imposed sanctions, including jail terms.

SELF-REGULATORY ORGANIZATIONS

Canadian securities regulators recognize certain self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, with a view to the protection of investors under the oversight of CSA members. The key SROs in Canada are the [**Investment Industry Regulatory Organization of Canada**](#) (IIROC), the [**Chambre de la sécurité financière**](#) (CSF) and the [**Mutual Fund Dealers Association of Canada**](#) (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access, and monetary penalties.

THE ENFORCEMENT PROCESS

This graphic breaks down the securities enforcement process from identification of a potential securities breach through to sanction.



*Some securities regulators work in partnership with law enforcement agencies to investigate and prosecute offences under the *Criminal Code* relating to financial misconduct.

** As of July 18, 2016, the Bureau de décision et de révision, the independent administrative tribunal operating in the Québec financial sector, is known as the Tribunal administratif des marchés financiers.

2016 RESULTS



THIS SECTION PRESENTS DATA IN SEVERAL ENFORCEMENT CATEGORIES. RESULTS VARY CONSIDERABLY FROM YEAR TO YEAR.

Cases differ widely in their complexity and in the number of respondents and victims involved. The time required to conclude a case can range from a few weeks to a year or longer, with complex cases requiring substantial resources. These results should therefore be considered in aggregate; changes in various categories are not necessarily a trend.

CONCLUDED MATTERS

Concluded matters are cases in which a final decision has been issued or a settlement has been reached. The first chart below shows the number of concluded enforcement cases in each of the last three years. The second chart shows the number of individual and company respondents against whom matters have been concluded.

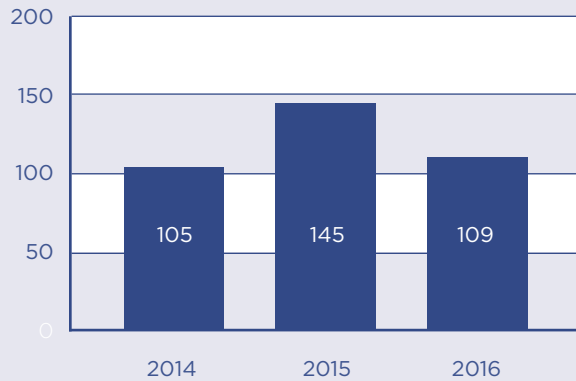
The data points in the two charts above are not directly related to one another in any given year. A single enforcement case often names several individuals and one or more companies as respondents. Large or complex cases can have numerous respondents. While cases are typically counted as concluded in the year in which the case against the first respondent or respondents is concluded, proceedings against other respondents can often carry on into the next year or beyond. Some of the respondents counted in 2016 may actually relate to cases that

counted as concluded in previous years. Data in the two charts should therefore be treated independently.

CSA members concluded an aggregate total of 109 cases in 2016, compared to 145 concluded cases in 2015. The tables provide more detail about these cases and how they were concluded. Each case is counted once, even if more than one person or company was sanctioned in a single case. All concluded cases are listed in the appendix to the report.

In 2016, CSA members concluded matters involving 168 individuals and 94 companies, or 262 total respondents. By comparison, concluded matters in 2015 involved 233 individuals and 117 companies (350 respondents). As explained above, not all of the individual proceedings are connected to cases that were counted as concluded in 2016.

CONCLUDED CASES



RESPONDENTS

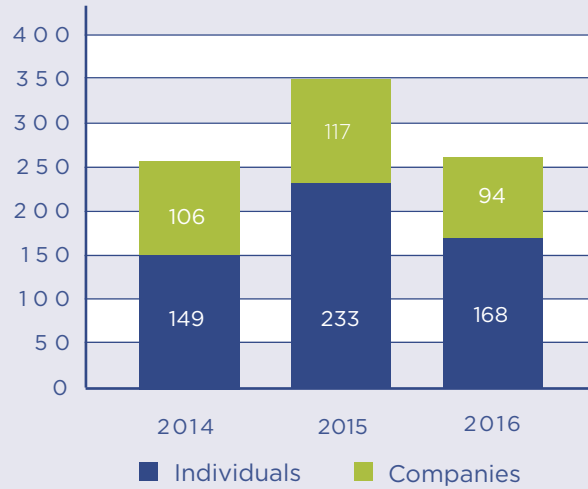


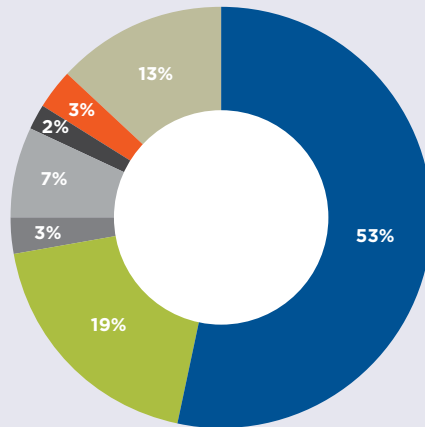
TABLE 1: RESPONDENTS BY CATEGORY¹

| Type of Offence | 2014 | 2015 | 2016 |
|---------------------------|------------|------------|------------|
| Illegal Distributions | 122 | 174 | 140 |
| Fraud | 52 | 66 | 50 |
| Misconduct by Registrants | 41 | 20 | 8 |
| Illegal Insider Trading | 8 | 28 | 17 |
| Disclosure Violations | 8 | 2 | 6 |
| Market Manipulation | 2 | 17 | 7 |
| Other Cases | 22 | 43 | 34 |
| Total | 255 | 350 | 262 |

¹ Reciprocal orders and interim cease trade orders not included.

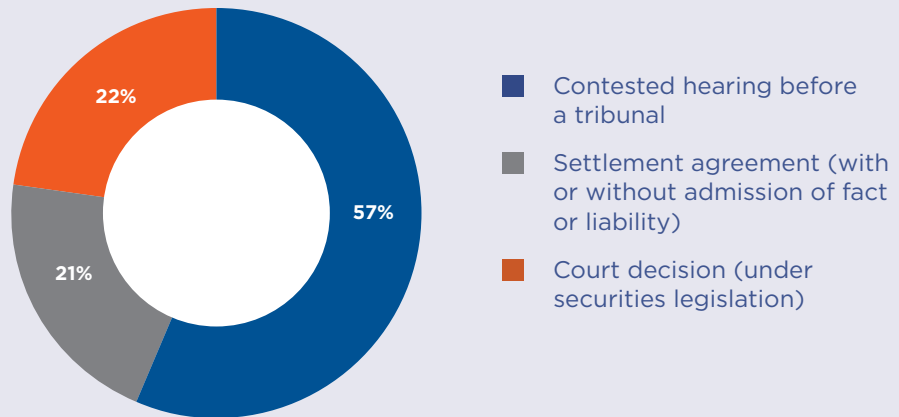
Table 1 shows completed Canadian enforcement matters against individual and company respondents, by category of wrongdoing, for 2014, 2015 and 2016. The pie chart provides a visual representation of the proportion of respondents in each category. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category.

RESPONDENTS BY CATEGORY 2016



- Illegal Distributions
- Fraud
- Misconduct by Registrants
- Illegal Insider Trading
- Disclosure Violation
- Market Manipulation
- Other Cases

HOW MATTERS WERE CONCLUDED 2016



HOW PROCEEDINGS AGAINST RESPONDENTS WERE CONCLUDED

The pie chart above provides a breakdown of how matters against respondents were concluded in 2016, whether by a tribunal decision, a settlement agreement with a CSA member, or a court decision under securities legislation. Matters were concluded against 149 respondents following contested hearings, 54 respondents by settlement agreements and 59 respondents by court decision.

In 2014, the OSC introduced no-contest settlements as a form of resolution of enforcement matters under which respondents may settle their cases without admissions of fact or liability. Such cases must meet specific criteria, and settlement agreements must be approved by a panel of the OSC, resulting in an order. These are included under “Settlement agreement.”

PENALTIES

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity (such as trading in securities or acting as a director or officer of a public company), to financial penalties and jail terms. Tables 2 and 3 outline monetary orders imposed by securities regulators and the courts over the last three years, including settlements.

Total penalties can vary considerably year to year, depending on the nature of the cases. In 2016, approximately \$62.1 million was ordered in fines and administrative penalties. While penalties, costs and other monetary sanctions/orders can be difficult to collect, every effort is made by regulators to do so, including using the services of collection agencies.

TABLE 2: FINES, ADMINISTRATIVE PENALTIES AND OTHER*

| Type of Offence | 2014 | 2015 | 2016 |
|---------------------------|---------------------|----------------------|---------------------|
| Illegal Distributions | \$17,600,090 | \$36,571,080 | \$9,528,534 |
| Fraud | \$25,038,461 | \$68,460,000 | \$36,695,000 |
| Misconduct by Registrants | \$7,476,755 | \$2,485,394 | \$103,854 |
| Illegal Insider Trading | \$87,850 | \$5,240,872 | \$607,655 |
| Disclosure Violations | \$79,500 | \$30,000 | \$189,000 |
| Market Manipulation | \$61,500 | \$24,187,450 | \$6,323 |
| Other Cases | \$7,895,000 | \$1,324,000 | \$15,018,500** |
| Total | \$58,239,156 | \$138,298,796 | \$62,148,866 |

* Other: The table includes voluntary payments that are neither fines nor administrative penalties made to the securities regulator.

** A voluntary payment of \$8 million was made by CI Investments in a no-contest settlement with the OSC to advance its mandate of protecting investors and fostering fair and efficient capital markets. A similar voluntary payment of \$800,000 was made by Scotia Capital Inc., Scotia Securities Inc. and HollisWealth Advisory Services Inc. in a no-contest settlement with the OSC. Additionally, a voluntary payment of \$2,100,000 was made by BMO Nesbitt Burns Inc., BMO Private Investment Counsel Inc., BMO Investments Inc. and BMO InvestorLine Inc. in a no-contest settlement with the OSC. Finally, a voluntary payment of \$3,000,000 was made by CIBC World Markets Inc., CIBC Investor Services Inc., and CIBC Securities Inc. in a no-contest settlement with the OSC.

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. An order for disgorgement requires a payment to the regulator of amounts obtained or losses avoided as a result of a failure to comply with, or a contravention of, securities laws. Investor compensation may also be effected through a settlement agreement.

TABLE 3: RESTITUTION, COMPENSATION AND DISGORGEMENT

| Type of Offence | 2014 | 2015 | 2016 |
|---------------------------|---------------------|----------------------|----------------------|
| Illegal Distributions | \$12,723,110 | \$27,221,497 | \$5,367,735 |
| Fraud | \$23,724,705 | \$49,206,788 | \$44,708,937 |
| Misconduct by Registrants | \$26,418,512 | \$18,928,330 | - |
| Illegal Insider Trading | \$27,280 | \$858,839 | \$334,121 |
| Disclosure Violations | - | - | - |
| Market Manipulation | - | \$7,424,245 | - |
| Other Cases | \$2,824,153 | \$8,011,730 | \$299,243,586* |
| Total | \$65,717,760 | \$111,651,429 | \$349,654,379 |

* This is the total compensation that the respondents undertook to return to the investors in four no-contest settlements with the OSC. CI Investments Inc. undertook to return \$156,100,000 to investors. Scotia Capital Inc., Scotia Securities Inc., and HollisWealth Advisory Services Inc. undertook to return \$19,997,821.01 to investors. BMO Nesbitt Burns Inc., BMO Private Investment Counsel Inc., BMO Investments Inc. and BMO InvestorLine Inc. undertook to return \$49,885,661 to investors. CIBC World Markets Inc., CIBC Investor Services Inc., and CIBC Securities Inc. undertook to return \$73,260,104 to investors.

In addition to fines and administrative penalties, respondents are also often ordered by the regulators or courts to pay part or all of the costs of the proceedings. Total costs assigned to respondents by CSA members in 2016 were \$2 million, as compared to \$4.4 million in 2015.

Courts in Ontario, Alberta and Québec also ordered jail terms under their respective *Securities Acts* for 15 individuals in 2016, ranging from 75 days to four years. In total, over 23 years of jail time was handed down to offenders in 2016.

TABLE 4: APPEALS

| Appeals | 2014 | 2015 | 2016 |
|---------------------------|-------------|-------------|-------------|
| Cases Appealed* | 17 | 31 | 38 |
| Appeal Decisions Rendered | 16 | 18 | 17 |

* Results include appeals by CSA members and respondents.

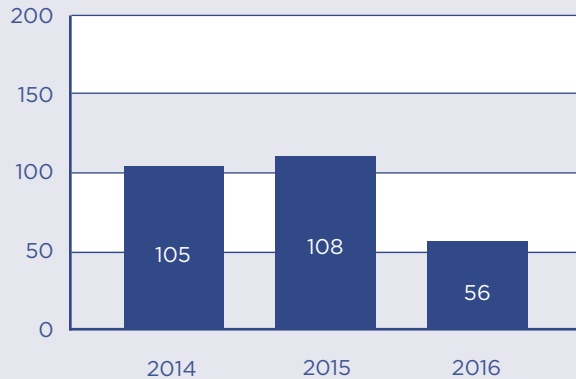
APPEALS

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals brought by respondents. Occasionally, a CSA member will appeal a court decision. These appeals may not have a decision rendered until a subsequent year. Along with the appeals of decisions included in the table above, procedural appeals are quite common as cases proceed through the enforcement system.

PROCEEDINGS COMMENCED

Proceedings commenced are cases in which CSA member staff have filed a notice of hearing or statement of allegations, or sworn an Information before the courts (or served a statement of offence in Québec), any of which allege wrongdoing. Many of the proceedings commenced in 2016 were still underway at the end of the year, and in such cases, decisions have yet to be rendered. One proceeding, targeting an illegal distribution scheme, for example, might involve a number of respondents, including several individuals and one or more companies. The 56 total proceedings commenced in 2016 involve, in aggregate, 72 individuals and 72 companies. By comparison, the 108 total proceedings commenced in 2015 included 165 individuals and 101 companies.

PROCEEDINGS COMMENCED



RESPONDENTS

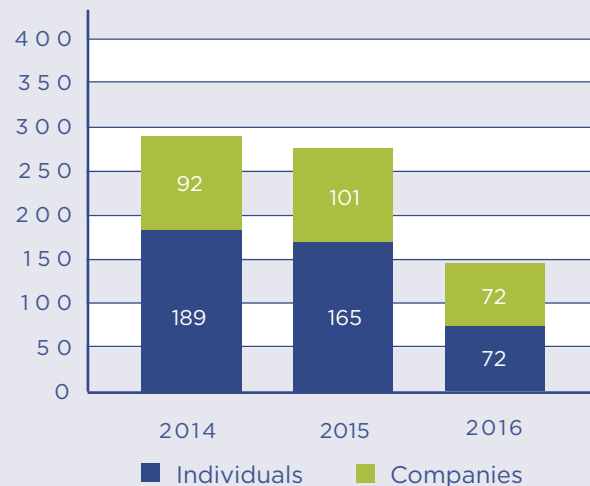
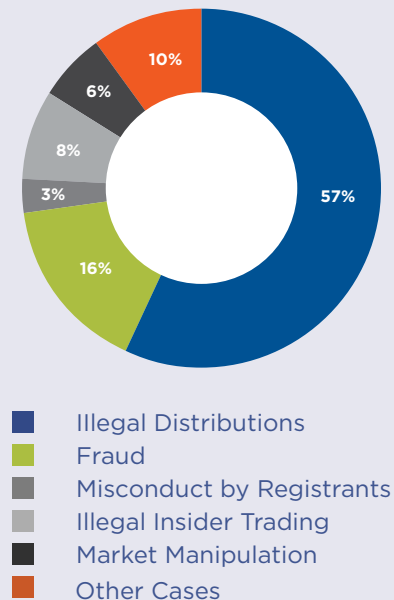


TABLE 5: RESPONDENTS BY CATEGORY

| Type of Offence | 2014 | 2015 | 2016 |
|---------------------------|------------|------------|------------|
| Illegal Distributions | 127 | 123 | 82 |
| Fraud | 81 | 64 | 23 |
| Misconduct by Registrants | 23 | 15 | 4 |
| Illegal Insider Trading | 7 | 14 | 12 |
| Disclosure Violations | 4 | 5 | 0 |
| Market Manipulation | 23 | 18 | 8 |
| Other Cases | 16 | 27 | 15 |
| Total | 281 | 266 | 144 |

Table 5 shows proceedings commenced by category of wrongdoing over the last three years. The table considers both individual and company respondents. The pie chart gives a visual representation of the 2016 data, showing the proportion of activity in each category.

RESPONDENTS 2016



PREVENTIVE MEASURES

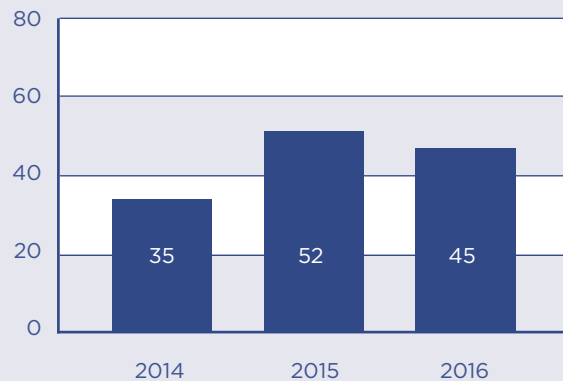
Interim and freeze orders

As the charts below illustrate, CSA members continue to use measures, such as interim cease trade and asset freeze orders, to protect investors by prohibiting or inhibiting a potentially illegal activity while an investigation is underway. Certain jurisdictions have the legislative authority to halt trading on public exchanges when they suspect or identify irregular trading of securities and derivatives, helping to thwart potential market manipulations by stopping them in their tracks. In 2016, the ASC issued two such halt trade orders.

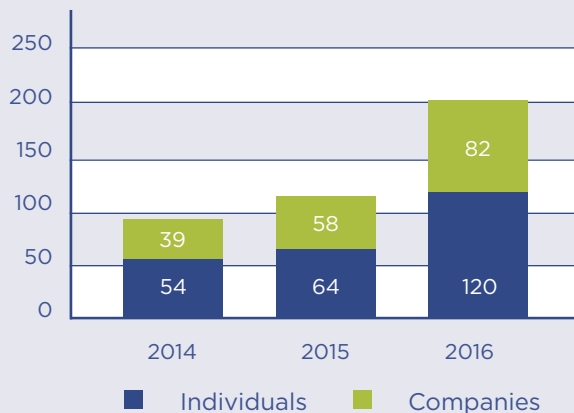
Under the 45 interim orders and asset freeze orders issued in 2016, trading and other restrictions were placed on 120 individuals and 82 companies. In 2015, that number was 52 interim orders and asset freeze orders, and trading restrictions were placed on 64 individuals and 58 companies.

Asset freeze orders are used by securities regulators to prevent the loss of assets pending completion of an investigation. Where circumstances merit, regulators can also apply to the court to appoint a receiver to manage assets that have been frozen to facilitate an orderly distribution of assets back to investors. Assets can include bank accounts and personal property such as vehicles, buildings and other physical assets. In 2016, 31 freeze orders were issued relating to 93 individuals and 56 companies, including a total of \$3.8 million in bank accounts.

INTERIM AND ASSET FREEZE ORDERS



RESPONDENTS



Investor warning and alerts

CSA members issue investor warnings and alerts through their respective websites, email, social media channels and the CSA website to warn the public about individuals and companies that may be involved in harmful activity. In 2016, CSA members issued 60 investor alerts to warn the public not to invest with certain companies or types of investments. Many of the alerts were related to businesses located in other countries that are not registered in Canada to engage

Binary options -

Binary options are like “bets” on how an asset (currency, stock, etc.) will perform in a limited amount of time - they are “all or nothing” wagers, similar to gambling. However, even when investors see virtual gains, they often cannot access these profits as they do not exist.

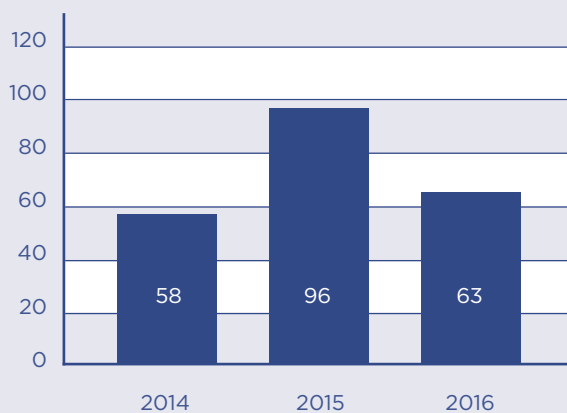
in the business of trading in securities or advising anyone with respect to investing in, buying or selling securities. Specifically, it is noteworthy that more than half of the alerts issued in 2016 dealt with online offers of **binary options**. Investors are urged to be cautious about these individuals and companies, and to contact the CSA member in their jurisdiction if they are approached by any of the identified parties. The CSA also encourages Canadians to check the registration of any individual or company offering investments by using the CSA’s website www.aretheyregistered.ca.

Reciprocal orders

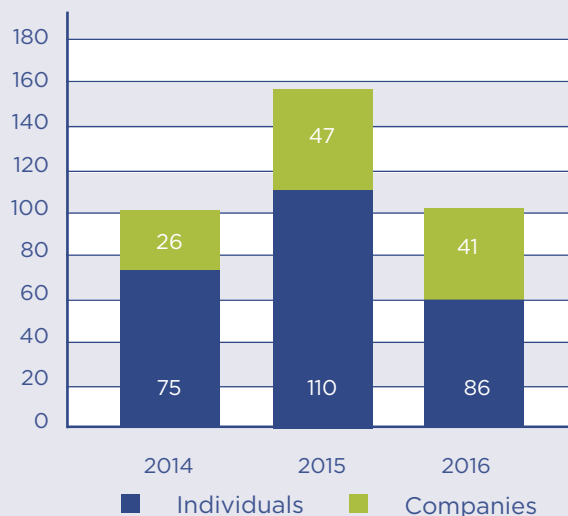
Orders issued by a court or other securities regulatory authorities may be reciprocated. Reciprocal orders allow securities regulators to apply orders issued in another jurisdiction or by another regulatory authority in their own jurisdiction. This helps prevent individuals or companies sanctioned in one jurisdiction from moving and carrying on their conduct in another jurisdiction. The use of reciprocal orders demonstrates the commitment of CSA members to strengthening investor protection and enforcement coordination across Canada. The charts below indicate the number of reciprocal orders issued in each of the last three years, and the number of individual and company respondents affected by those reciprocal orders.

Since 2015, statutory reciprocal order provisions have been adopted in four provinces. Any order imposing sanctions, conditions, restrictions or requirements issued by another CSA regulator or securities administrative tribunal based on a finding or admission of a contravention of securities legislation is now automatically reciprocated in Alberta, New Brunswick, Nova Scotia and Québec.

RECIPROCAL ORDERS*



RESPONDENTS



*No orders were issued in jurisdictions with statutory reciprocal order provisions since their adoption:
Alberta - came into force on July 1, 2015
Nova Scotia - came into force on May 20, 2016
Québec - came into force on June 23, 2016
New Brunswick - came into force on June 28, 2016

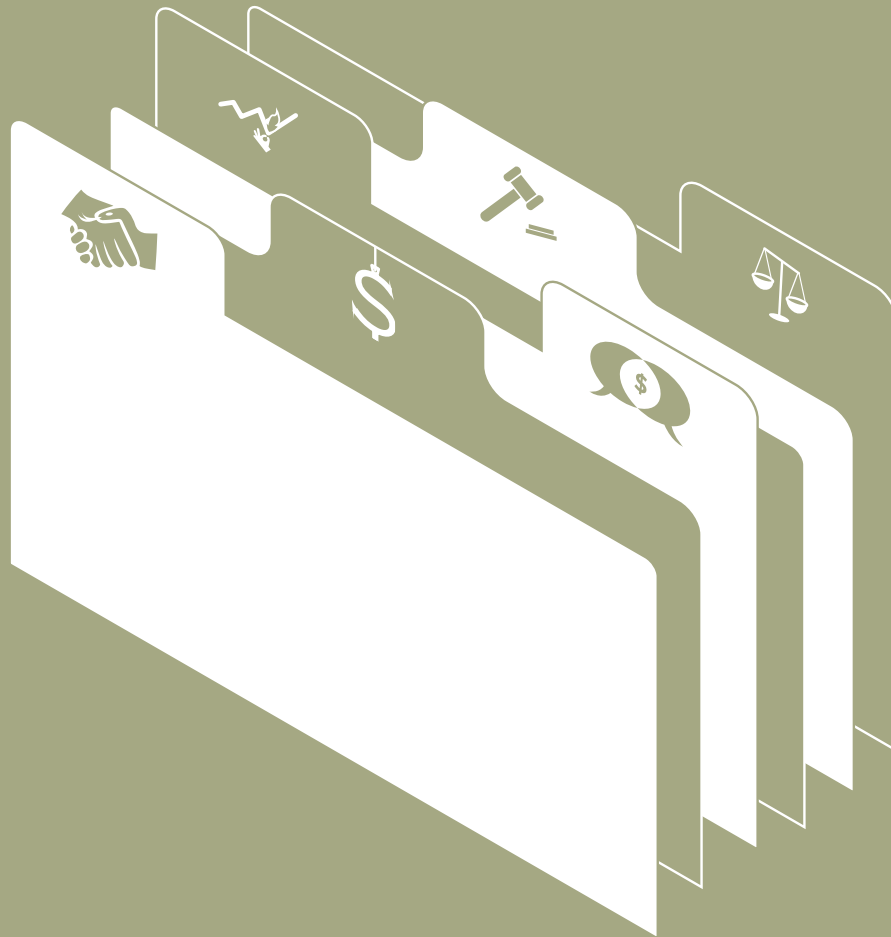
Criminal Code cases

In certain cases, securities regulators collaborate with law enforcement bodies to investigate breaches of the *Criminal Code* involving matters related to financial misconduct. These prosecutions can involve search warrants, surveillance and undercover operations, and are conducted by Crown counsel with advice and input provided by securities regulators. In 2016, 13 accused were found guilty by the courts under the *Criminal Code*: one in B.C., five in Ontario and seven in Québec. As of December 31, 2016, jail sentences were handed down to 9 accused and ranged from six months to approximately four years, totalling more than 16 years of jail time. There were also 10 cases commenced under the *Criminal Code* in 2016.

Cases concluded by SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. The three key SROs, as overseen by CSA members, are IIROC, the MFDA and the CSF. These three organizations concluded 159 enforcement cases in 2016, compared with 139 in 2015.

2016
CASE
HIGHLIGHTS



THIS SECTION PRESENTS SELECTED CASE SUMMARIES THAT ILLUSTRATE THE MAIN CATEGORIES OF SECURITIES LAW VIOLATIONS.

Enforcement cases typically fall into one of these six categories, although some cases are relevant to more than one category. Also included are summaries of cases prosecuted in quasi-criminal and criminal courts.

The CSA publishes [a list of disciplinary decisions on its website](#), which is intended to assist the public and the securities industry in conducting due diligence. The list contains information on disciplinary actions undertaken by CSA members, IIROC, the MFDA, and the CSF.



FRAUD

While the precise definition of fraud varies by jurisdiction, the consistent elements in fraud cases are deceit and deprivation.

The Doris Elizabeth Nelson case in B.C. is a classic example of a **Ponzi scheme**. The case affected a large number of investors and involved a great deal of money. Nelson operated a payday loan business through a group of companies represented and promoted collectively as “The Little Loan Shoppe.” The BCSC found that Nelson perpetrated fraud on at least 121 B.C. investors, who invested at least \$19 million in multiple transactions. These funds were not invested in the business, but rather used to make payments to earlier investors. The BCSC also concluded that Nelson breached securities laws by distributing **promissory notes** to 47 investors who invested over \$3.1 million and that Nelson made false statements to the Commission. A BCSC panel ordered Nelson to disgorge \$18.5 million to the Commission, the difference between the amount deposited by the investors pursuant to the fraud and the returns paid out to them. The panel also ordered that Nelson pay an administrative penalty of \$18.5 million and permanently banned her from B.C.’s capital markets. Nelson was also prosecuted and jailed in the U.S. for related offences.

Ponzi scheme -

A fraudulent activity in which the promised rate of return on an investment is paid to the initial investors using funds provided by subsequent investors. These schemes eventually collapse, because there is usually no underlying asset and the perpetrator is unable to continue to make payments to investors.

Promissory note -

A written legal instrument pursuant to which one party promises to pay a stated sum of money to another party either on a specified date or on demand.

The Saileshwar Rao Narayan case in Alberta was a multi-faceted Ponzi scheme that raised over \$5.8 million from investors. Narayan was the directing mind of both Prospera Mortgage and Prosperity Development. Prospera Mortgage raised funds for the alleged purpose of providing mortgage financing to developers and owners of real estate in Alberta and B.C. False guarantees were given to investors and virtually no mortgages were placed or acquired. Instead, funds were diverted for personal use, including luxury cars and international travel. Narayan also used the funds to pay other investors. Prosperity Development, a separate enterprise, raised funds for the purported purpose of developing a recreational vehicle park in Alberta. Those funds were loaned to Narayan's brother, who purchased the land in the name of his own company. Narayan admitted to perpetrating fraud on investors in both Prospera and Prosperity, and to having authorized, permitted or acquiesced in the misconduct perpetrated by the two companies, including the making of prohibited representations and illegal distribution.

Narayan was ordered to disgorge \$880,951, and to pay an administrative penalty of \$300,000 and costs of \$95,000. The ASC also imposed permanent market bans against him and his companies. During the course of its investigation, the ASC froze approximately \$1.7 million of Narayan's assets, and after the hearing panel rendered its decision, staff successfully applied to the court for appointment of a receiver, enabling investors to claim a portion of the assets.

The Welcome Place Inc. case in Ontario involved a fraudulent investment scheme, unregistered trading and illegal distribution. Welcome Place Inc. and Daniel Maxsood, the directing mind of the investment scheme, misled investors about the use of investor funds. The investment scheme involved using the approximate \$5.3 million raised from approximately 90 investors to repay other investors and to pay for personal expenditures. As part of the OSC investigation, staff froze bank accounts containing approximately \$550,000 in the names of Daniel Maxsood, Welcome Place Inc. and Tao Zhang. Assets frozen also included the home belonging to Maxsood and Zhang, due to evidence that investor funds were used to pay the mortgage on the property. In approving the settlement agreement, the OSC ordered payment of a total of \$3.2 million in disgorgement and a total of \$240,000 in administrative penalties and costs. The OSC also ordered a permanent ban on trading in any securities of Welcome Place Inc. and a 10-year ban on any trading by Welcome Place Inc. or Maxsood. Maxsood was prohibited from acting as a director or officer for 10 years. In addition, trading, director and officer bans were imposed on Talat Ashraf, the marketing manager of Welcome Place, for five years.



“THE RESPONDENT CARRIED OUT A MULTI-MILLION DOLLAR FRAUD THAT WAS INTERNATIONAL IN SCOPE. HER PAYDAY/ SHORT-TERM LOAN BUSINESS WAS THE FRONT FOR A WIDESPREAD PONZI SCHEME THAT RESULTED IN AT LEAST 121 BRITISH COLUMBIA INVESTORS MAKING INVESTMENTS IN THE BUSINESS OF AT LEAST \$19 MILLION, OF WHICH APPROXIMATELY \$18.5 MILLION REMAINS OUTSTANDING.”

BCSC panel, ruling on the Doris Elizabeth Nelson case

“GIVEN NARAYAN’S DISHONESTY IN RAISING AND SPENDING INVESTORS’ MONEY, . . . WE ARE OF THE OPINION THAT HE HAS LITTLE, IF ANY, REGARD FOR TRUTH WHEN IT COMES TO SEPARATING PEOPLE FROM THEIR MONEY. THERE IS NOTHING MORE FUNDAMENTAL TO THE PROTECTION OF THE INVESTOR PUBLIC THAN TELLING THE TRUTH WHEN RAISING FUNDS.”

ASC panel, ruling on the Saileshwar Rao Narayan case

“THESE ARE SIGNIFICANT BANS. IT SENDS A MESSAGE THAT THOSE WHO ENGAGE IN FRAUD, UNREGISTERED TRADING, ILLEGAL DISTRIBUTIONS AND PROHIBITED REPRESENTATIONS WILL BE SUBJECT TO LENGTHY BANS, ORDERS OF DISGORGEMENT OF SIGNIFICANT AMOUNTS, ADMINISTRATIVE PENALTIES AND COSTS.”

OSC panel, settlement on the Welcome Place Inc. case





ILLEGAL DISTRIBUTIONS

An illegal distribution is a sale or attempted sale of securities to investors that does not comply with securities law registration, trading or disclosure requirements. Some illegal distributions also constitute fraud; for examples of such cases in 2016, see the [fraud page](#) of the case highlights section.

In Québec, following a quasi-criminal prosecution initiated by the Autorité des marchés financiers, Alain-André Desarzens was fined \$1.5 million. He solicited and recruited Québécois and foreigners to invest small sums of money in web-based products with very high short-term returns, known as **High Yield Investment Programs (HYIP)**. Desarzens had his own website and sent mass emails from his computer to solicit more than 10,000 deposits of \$5 to \$300 from 2,840 investors, taking commission on the investments. He used his personal Internet connection to select HYIPs in which to invest. The AMF investigation found that Desarzens made a profit of \$385,221. The Court of Québec issued cease trade and freeze orders to put an end to the fraudulent marketing activities. Desarzens' appeal of the decision was denied.

A case in Ontario involved Ontario residents, Chin Lee and Mary Huang, who sold shares of an Ontario corporation to residents of the People's Republic of China without being registered to do so. The investors were solicited, in part, by a promise that their investment would assist in fast-tracking them to become

High Yield Investment Program (HYIP) -

Fraudulent scheme involving purported international investing programs that promise astronomical profits.

Exempt Distribution Report (EDR) -

Report required to be filed with a securities regulator when an issuer relies on certain prospectus exemptions.

Canadian residents. In total, approximately \$6.8 million was paid by at least 56 investors into the respondents' Ontario bank accounts. Bank accounts holding approximately \$3.2 million were frozen along with a commercial property acquired with at least \$1 million of investor funds. In approving the settlement agreement, the OSC banned the respondents from Ontario capital markets for six years and ordered disgorgement of \$4.8 million, a \$50,000 administrative monetary penalty and \$10,000 in costs.

In the HRG Healthcare Resource Group Inc. case, a BCSC panel found that HRG breached securities laws when it distributed \$4 million in securities to 109 investors who did not qualify for prospectus exemptions. Alexander Downie and Daniel G. Mohan, the directing minds of HRG, were also found to have breached prospectus requirements: Downie with respect to distributions to 22 investors for a total of \$693,500 and Mohan with respect to distributions to 34 investors for a total of \$1.7 million. The BCSC panel also found Downie and Mohan liable for HRG's illegal distributions, and HRG was liable for ten **Exempt Distribution Reports** (EDRs) filed with the BCSC that were proven to have contained false information. Mohan was ordered to pay a disgorgement of \$103,530 and an administrative penalty of \$75,000. Downie was also ordered to pay an administrative penalty of \$75,000. Both men have been banned from participating in the province's capital markets for seven years and HRG was permanently cease-traded.

Homerun International Inc. in Alberta is a case of illegal distribution involving several different issuers and securities. Eight corporate respondents and two principals raised funds from the public through seven different offerings, most for purposes relating to purchasing properties or funding mortgages. As a result, the ASC sanctioned Candice Graf, the directing mind of the companies, with a \$250,000 administrative penalty and \$63,750 in costs. In addition, Graf is subject to a broad array of market-access bans until 2036 or the date on which her administrative penalty is paid in full, whichever is later.



“THE VARIOUS EMAILS FILED SHOW THAT THE DEFENDANT PLAYED A KEY ROLE IN RECRUITING INVESTORS BY PROMOTING DIFFERENT SITES AND SENDING MASS EMAILS.”

Provincial Court of Québec Judge Andrée St-Pierre, ruling on Alain-André Desarzens case

“I’M SATISFIED THAT THIS IS IN THE PUBLIC INTEREST TO APPROVE THE SETTLEMENT . . . THE MANDATE OF THE COMMISSION UNDER THE SECURITIES ACT IS TWOFOLD: ONE IS TO PROTECT AND ENHANCE THE INTEGRITY OF THE CAPITAL MARKETS; AND SECONDLY, TO PROTECT INVESTORS FROM HARM.”

OSC panel, settlement on the 7997698 Canada Inc. case

“THE RESPONDENTS RAISED \$4.45 MILLION FROM 123 INVESTORS. ALL OF THE INVESTORS IN HRG HAVE LOST THEIR INVESTMENTS. ORAL TESTIMONY AND WRITTEN VICTIM IMPACT STATEMENTS FROM INVESTORS PROVIDED EVIDENCE THAT THE FINANCIAL LOSS TO INVESTORS HAS BEEN SIGNIFICANT AND THOSE LOSSES HAVE HAD AN IMPACT ON FINANCIAL AND OTHER PLANS.”

BCSC panel, ruling on the HRG Healthcare Resource Group Inc. case

“WE ARE IN NO DOUBT THAT GRAF HAS REGRETS. HOWEVER, IT WAS APPARENT THAT SHE SEES HERSELF PRIMARILY AS A VICTIM . . . IT WAS NOT CLEAR THAT SHE RECOGNIZED HERSELF AS A PERPETRATOR OF WRONGDOING, AND INDEED THE PRIMARY PERPETRATOR. WE CONCLUDE THAT GRAF NEITHER ACCEPTED RESPONSIBILITY FOR HER PROVED MISCONDUCT, NOR SEEMED TO APPRECIATE HOW SERIOUS IT WAS.”

ASC panel, ruling on the Homerun International Inc. case





Pump and dump – Describes schemes that involve talking up a company’s share price with untrue or exaggerated information, in order to sell shares at a profit before the inevitable crash in the share price when the company’s true position becomes evident.

MARKET MANIPULATION

Market manipulation involves efforts to artificially increase or decrease the price of a security, including a company’s shares. Examples of market manipulation include high closing activities, volume manipulation and **pump and dump** schemes.

The Joseph Bucci and Caroline Meyers case in Alberta exemplified a successful collaboration between regulatory and enforcement bodies from multiple jurisdictions. Bucci and Meyers created a shell company using others as investors to make it appear to be a viable entity. The perpetrators then issued a series of misleading news releases and other promotional pieces on company activities, which portrayed it as the “next big thing” and lured investors to buy Coastal Pacific shares on the U.S. over-the-counter market. Once trading volume and the price rose, the perpetrators “dumped” their shares for large profits and left the investors holding virtually worthless securities. Bucci’s 18-month conditional sentence was reported in the 2015 CSA Enforcement Report. In 2016, Meyers pled guilty to four counts of illegal distribution and market manipulation, and she was sentenced to two years’ incarceration and permanent market bans.



“PENNY STOCK FRAUD (PUMP AND DUMP SCHEMES) IS A SERIOUS AND GROWING PROBLEM IN NORTH AMERICA, UNDERMINING THE INTEGRITY OF OUR CAPITAL MARKETS AND INFLECTING TENS OF MILLIONS OF DOLLARS IN DAMAGE TO UNSUSPECTING VICTIMS. THESE ACTIVITIES CREATE ARTIFICIAL DEMAND BY DISTORTING THE PRICE OF SHARES THROUGH FALSEHOODS AND EXAGGERATIONS OF COMPANY SUCCESS. PERPETRATORS CASH IN ON THE FALSELY INFLATED PRICES, HALT THE MISINFORMATION AND WATCH AS THE SHARE PRICE COMES CRASHING TO THE GROUND. INNOCENT PURCHASERS ARE LEFT HOLDING ESSENTIALLY WORTHLESS SHARES.”

ASC Director of Enforcement, Cynthia Campbell, commenting on the Caroline Meyers case





Ultimate Designated Person (UDP) –

The UDP is responsible for promoting a culture of compliance and overseeing the effectiveness of the firm's compliance system.

MISCONDUCT BY REGISTRANTS

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws, fails to register when required to do so or fails to adhere to the conditions of a registration exemption.

An OSC panel concluded a settlement agreement with former exempt market dealer, Quartz Capital Group Ltd. and its **Ultimate Designated Person (UDP)**, Peter Lloyd Wallace, with respect to the breach of terms of a 2012 settlement agreement with staff of the OSC's Compliance and Registrant Regulation Branch relating to a proposed acquisition of Quartz. One of the terms of the settlement agreement was that none of Quartz's employees, Eric Kaplan, William Russell, or Michael Svetkoff would be employed by or act on behalf of Quartz following the closing of the proposed Blythco Inc. acquisition until such time as they were registered under the *Securities Act* with Quartz. Following the acquisition, however, Russell and Svetkoff did engage in activity on behalf of Quartz before becoming registered with the OSC. By permitting or acquiescing in this conduct, Quartz breached the terms of the 2012 settlement agreement and Wallace failed to carry out the responsibilities of a UDP. The OSC ordered Quartz to pay \$25,000 in costs and permanently

suspended Quartz's registration. Wallace's registration was suspended for two years and he was prohibited from acting as a registrant or as a director for two years, with certain exceptions.

The Dimitrios Platanitis case in Québec demonstrates proactive measures taken by the AMF in order to protect the public. In 2011, Platanitis filed a notice with the AMF of his intention to acquire a numbered company that was a capital market registrant. In response to questions from the AMF, Platanitis provided personal financial information. However, the AMF found that some of the assets claimed by Platanitis were either non-existent, did not belong to him or were not subject to identification for valuation. In one example, Platanitis had included his mother's assets on the basis that he would eventually inherit them. The balance sheet of the numbered company also contained incorrect information about a cash balance, a shareholder loan and stock capital entries. By the end of the investigation, the AMF found that over half of the total assets presented on both balance sheets had no value. Platanitis was charged before the Court of Québec with transmitting false information to the AMF in the course of his activities regulated by the *Securities Act* (Québec). As a result, he received a \$10,000 fine. Platanitis' appeal of the decision was denied.



“ . . . THE COMMISSION TAKES EXTREMELY SERIOUSLY THE ROLE OF AN ULTIMATE DESIGNATED PERSON (UDP), AND WE RELY ON UDPS TO PROPERLY SUPERVISE REGISTRANTS ACTING IN THE CAPITAL MARKETS. SO, IT IS A MATTER TO BE TAKEN VERY SERIOUSLY. WHETHER IT’S AN ACT OF COMMISSION OR OMISSION, THE RESPONSIBILITIES OF A UDP AS A CRITICAL PARTICIPANT IN ENSURING COMPLIANCE WITH SECURITIES LAWS IN ONTARIO HAVE TO BE RECOGNIZED.”

OSC panel, settlement on the Quartz Capital Group Ltd. case

“IT’S HARD TO IMAGINE THAT THE DUTIES OF HONESTY AND ACCURACY CAN BE LACKING FROM THE PROCESSES THE AMF USES TO ENSURE THAT A PROPOSED ACQUISITION IS COMPATIBLE WITH AN ADEQUATE LEVEL OF INVESTOR PROTECTION, IN PARTICULAR BY MAKING SURE THAT THE BUYER IS SOLVENT AND HAS THE NECESSARY FINANCIAL RESOURCES TO MAKE THE ACQUISITION.”

Provincial Court of Québec Judge Serge Cimon, ruling on the Dimitrios Platanitis case





ILLEGAL INSIDER TRADING

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as “tipping” information and trading by the person “tipped.” Material information (or “privileged information” in some jurisdictions) can include everything from financial results to executive appointments to operational events. Illegal insider trading strikes at the integrity of Canada’s capital markets and the confidence of investors.

The Luc Filiatreault et al. case in Québec was the first in which the Tribunal administratif des marchés financiers (TMF) rendered a decision confirming that **spring loading** is a violation of the Québec *Securities Act*. The defendants were either directors or officers of Nstein Inc., a small publicly traded corporation. OpenText had verbally proposed purchasing Nstein’s shares at a premium of 80 to 100 per cent over market value. This information had not been made public when the Nstein board of directors authorized stock option awards to certain members of management and employees. During the investigation, the respondents argued that the timing of the grant was necessary in the ordinary course of business because of the arrival of a new officer, whose employment contract included a stock option grant. They argued the stock options had to be issued to all recipients in one collective grant in order to avoid the personal conflict that would arise from

Spring loading -

The practice of “spring loading” stock options involves granting market-value options at a time when the company possesses, but has not yet released, favourable, material non-public information that will likely increase the stock price when disclosed.

publicly disclosing the options granted to each individual employee. In addition, the defendants argued that the discussions with OpenText were not sufficiently advanced to constitute “privileged” information at the time of the grant. During the same period, Nstein president, Luc Filiatreault, provided confidential information to his accountant, Pierre Légaré, who later admitted to having purchased stock prior to the OpenText acquisition becoming public. The TMF found that the members of Nstein’s board of directors were in possession of a great deal of non-public privileged information about OpenText’s proposal to acquire Nstein. The fact that the members of the board traded during a blackout period under the company’s Code of Ethics was a contributing factor. The TMF imposed a penalty of \$20,000 on each director for authorizing the stock options grant. Moreover, a penalty equal to twice the benefit was imposed on three officers who received compensation from the acquirer to compensate the cancellation of their options. Finally, with respect to the tipping from Filiatreault to his accountant, the TMF imposed an administrative penalty on Pierre Légaré equal to 150 per cent of his profits, and a penalty on Filiatreault equal to Légaré’s profits. The case is currently under appeal.

The Andrei Miguel Postrado and Fernando Postrado case in Ontario was unique because it involved insider trading by an employee of an auditing firm. Through Andrei Postrado’s employment in the real estate and construction tax department at KPMG LLP, he acquired undisclosed information on three occasions that reporting issuers were going to be bought by other entities. With this information, he purchased securities of each of those reporting issuers in advance of the public announcements of the transactions. He sold the securities immediately after the public announcements, earning a total profit of \$200,375. On two occasions, Andrei Postrado also conveyed the undisclosed information to his father, Fernando Postrado, who likewise purchased securities of the reporting issuers in advance of public announcements. Fernando Postrado also sold the securities immediately after the announcements, earning a total profit of approximately \$109,200. The OSC froze the trading profits and ordered that Andrei Postrado disgorge \$200,375. In addition, they ordered that he pay an administrative penalty and costs totalling \$28,500, and imposed trading, registration and director/officer bans for seven years. Fernando Postrado was ordered to disgorge \$109,200, pay an administrative penalty and costs totalling \$14,250, and be subject to trading, registration and director/officer bans for five years.



“IT’S BASICALLY A FINANCIAL TRANSACTION “SPRING LOADED” BY THE OFFICERS OF A REPORTING ISSUER WHO ARE IN POSSESSION OF PRIVILEGED INFORMATION THAT INVOLVES ISSUING MARKET-VALUE OPTIONS FOR THE ISSUER’S SHARES. THEY KNOW FULL WELL THAT THE SHARE VALUE WILL LIKELY SKYROCKET WHEN THIS PRIVILEGED INFORMATION IS RELEASED TO THE PUBLIC IN THE NOT-TOO-DISTANT FUTURE.”

TMF, ruling on the Luc Filiatreault et al. case

“I TRUST THAT YOU NOW UNDERSTAND THAT INSIDER TRADING AND TIPPING ARE AMONGST THE MOST SERIOUS OFFENCES WITH WHICH WE DEAL. THEY UNDERMINE THE CONFIDENCE OF INVESTORS, WHICH THEY NEED TO HAVE, IN CAPITAL MARKETS. YOU WERE IN A PRIVILEGED POSITION, HOLDING A RESPONSIBLE JOB WITH A MAJOR AND REPUTABLE PROFESSIONAL FIRM AND YOU DID NOT OBVIOUSLY CONSIDER THE DAMAGE THAT THE BREACH OF YOUR CONFIDENTIALITY OBLIGATIONS CAUSED YOUR EMPLOYER AT THE TIME.”

OSC panel, ruling on the Andrei Miguel Postrado case



DISCLOSURE VIOLATIONS

Confidence in the capital markets requires confidence in the accuracy of the information that companies disclose about their business activities. Timely, accurate and complete financial statements are the core of good disclosure practice. In disclosure cases, the victims are typically company shareholders. Continuous disclosure review programs undertaken by CSA members aim to ensure that investors have accurate and timely information about public companies on which to base their investment decisions. When appropriate, continuous disclosure reviews may result in a referral to the enforcement branch of a CSA member.

Former executives of TSX-listed oilfield services company, Poseidon Concepts, reached a settlement with the ASC in 2016 and agreed to pay a combined total of \$375,000 after admitting to disclosure violations. CEO Lyle Dennis Michaluk, CFO Matthew Cory MacKenzie and COO Clifford Leroy Wiebe admitted to authorizing, permitting or acquiescing in Poseidon filing inaccurate interim financial statements. Poseidon was in the business of constructing and renting storage tanks for fluid handling in the oil and gas industry in Canada and the U.S. The company's third quarter 2012 consolidated financial statements reported revenue of \$148.1 million for the first three quarters of 2012, which included a remarkably high accounts receivable amount of \$125.5 million. The ASC investigation showed that approximately \$100 million of the accounts receivable should not have been recorded, and that revenue was therefore wildly overstated. The financial report did not fairly present the financial condition, performance and cash flows of the company. Michaluk and MacKenzie each paid the ASC \$150,000 in settlement and agreed not to act as directors or officers of any reporting issuers for seven years. Wiebe paid the ASC \$75,000 in settlement and agreed not to act as a director/officer of any reporting issuer for five years.

An OSC panel sanctioned GreenStar Agricultural Corporation for failure to file audited annual financial statements and related Management's Discussion and Analysis for 2013, interim financial statements and related MD&A for 2014, certifications of those filings, and for failing to maintain an audit committee. The panel also sanctioned GreenStar's President, CEO and Chairman of the Board, Lianyun Guan, for failing to cooperate with the audit of GreenStar's 2013 fiscal year. Specifically, he had failed to arrange for the auditors to visit GreenStar's bank and the tax bureau to perform certain audit procedures. He had also failed to provide copies of official receipts, information and documents to the auditors on a timely basis and sufficient funding to the auditors to complete the 2013 audit, and frustrated the efforts of three law firms to conduct an independent investigation on behalf of GreenStar's Audit Committee. GreenStar was a holding company, listed on the TSX-V, which conducted substantially all of its farming and food processing business and operations through its subsidiary in the People's Republic of China. GreenStar's Audit Committee and Canadian directors became concerned about unauthorized activities in China and their failure to receive further information from Guan notwithstanding repeated requests. This lack of cooperation, support and funding led to the resignation of GreenStar's Canadian directors and management, as well as its auditors. GreenStar's Canadian legal counsel also announced its intention to withdraw its services. The hearing panel ordered Guan to

pay \$129,846 in costs and imposed permanent trading, registration and director/officer prohibitions. The trading of securities by, and of, GreenStar was also permanently prohibited.

The Mark Aaron McLeary case in B.C. involved a respondent who failed to file insider trading reports in a timely manner. The Panamanian securities regulator provided information to the BCSC regarding McLeary's trading activity. A BCSC panel found that McLeary had conducted trading in two companies for which he was CEO and director. He traded through offshore accounts held by a corporation which he controlled and he also traded in Canadian accounts, but failed to report these trades. After the Commission uncovered these trades, McLeary filed insider trading reports and paid late filing fees. For his misconduct, the panel ordered McLeary to pay an administrative penalty of \$25,000 and he was given permanent market bans. McLeary was already subject to a permanent market ban for market manipulation as a result of previous proceedings, which was the panel's basis for ordering permanent bans in this case.



“GUAN’S CONDUCT . . . SHOWS A COMPLETE DISREGARD FOR THE INTEGRITY OF ONTARIO’S CAPITAL MARKETS, WAS ABUSIVE TO INVESTORS AND WAS CONTRARY TO THE PUBLIC INTEREST. THE COMMISSION HAS PREVIOUSLY FOUND THAT THE FAILURE TO COOPERATE WITH A COMPANY’S AUDIT COMMITTEE IN ADDRESSING AN AUDITOR’S CONCERNS AND IN OBSTRUCTING AN INDEPENDENT INVESTIGATION OF SUCH CONCERNS CONSTITUTE CONDUCT THAT IS CONTRARY TO THE PUBLIC INTEREST.”

OSC panel, ruling on the GreenStar Agricultural Corporation and Lianyun Guan case

“THE RESPONDENT, AS A RESULT OF THE MISCONDUCT FOUND IN THIS CASE ALONG WITH HIS OTHER SECURITIES RELATED MISCONDUCT . . . REPRESENTS A VERY SERIOUS RISK TO INVESTORS AND OUR CAPITAL MARKETS.”

BCSC panel, ruling on the Mark Aaron McLeary case



OTHER CASES

Some enforcement cases may not fit into the categories described above, but still involve conduct or activity that may adversely affect investors or raise market integrity concerns.

The CI Investments Inc. (CI) case in Ontario was resolved with a no-contest settlement agreement and CI agreed to return approximately \$156.1 million to its clients. CI was also required to implement enhanced supervision and control measures designed to prevent the re-occurrence of the supervision and control inadequacy in the future. Initially, CI self-reported that it had systematically understated the net asset value (NAV) of a number of its funds for several years due to unrecorded interest earned by the funds, in the approximate aggregate amount of \$156.1 million. The settlement followed allegations by staff that CI's failure to ensure that the interest was recorded and included in the NAV calculation of the funds resulted from inadequacies in its system of controls and supervision. The consequent understatement of the NAV of each fund resulted in unitholders buying and redeeming units in the various funds at an understated value. CI advised staff that it intended to put investors in the affected funds back into the economic position they would have been in if the interest had been recorded. Staff did not allege and did not find evidence of dishonest or intentional misconduct by CI. While neither admitting nor denying the accuracy of the facts or conclusions of OSC staff, CI agreed to the settlement and undertook the payment of approximately \$156.1 million to be returned to affected investors. CI also agreed to make a voluntary payment to the Commission of \$8 million to advance the Commission's mandate of protecting investors and fostering fair and efficient capital markets. As part of the settlement agreement, CI was also required to report to the OSC on its ongoing progress in developing enhanced control and supervisory systems.



“INVESTORS RELY ON INVESTMENT FUND MANAGERS TO OVERSEE THE ACCURATE CALCULATION OF NAV AND FUND PERFORMANCE TO ASSIST INVESTORS IN MAKING INFORMED INVESTMENT DECISIONS AND IN CASES WHERE THIS DOES NOT HAPPEN, WE WILL TAKE ENFORCEMENT ACTION.”

Tom Atkinson, former Director of Enforcement at the OSC,
settlement on the CI Investments Inc. case





SECURITIES LAW PROSECUTIONS

Certain securities violations proceed to prosecution in provincial court, depending on the type of violation and the jurisdiction where it occurred.

The William Wallace and Robert Heward case in Ontario resulted in significant periods of incarceration for breaches of the *Securities Act* (Ontario). Following an investigation by the OSC's Joint Serious Offences Team (JSOT), Wallace and Heward were charged with fraud, illegal distribution and unregistered trading, in connection with the sale of securities in Londoni Gold Corp. (Londoni). Wallace and Heward were the principals in a scheme to distribute shares of Londoni, which they promoted as a gold mine in Tanzania that would generate millions of dollars per month. From over 100 investors, Wallace and Heward raised over \$6.6 million through their scheme. It was concluded that Londoni never had a mine and that Wallace and Heward had misrepresented findings from a geologist and disbursed investor funds for purposes unrelated to Londoni's purported business. Wallace and Heward were each sentenced to four years in jail for fraud and ordered to pay \$6.7 million in restitution. This was the longest jail sentence handed down in Ontario for a breach of the *Securities Act* (Ontario). Heward and Wallace were also sentenced to 18 months each for the illegal distribution and unregistered trading to be served concurrently with the four year sentence for fraud.

The Robert Morin case marked the second-longest prison term rendered to date by a Québec Court in a *Securities Act* quasi-criminal case. Morin, a former insurance representative, mutual fund dealer and financial planner, pled guilty to the 167 charges brought against him in connection with a series of offenses relating to illegal distribution and involving a Ponzi scheme. The funds invested by the 55 people mentioned in the statement of offence totalled almost \$4.9 million. Morin took advantage of his victims' trust in order to convince them to invest in his various projects by promising, among other things, better returns than traditional investment products. The judge concluded that Morin's behaviour was premeditated. He also considered the fact that many of the victims were retirees or close to retirement and that they had suffered tremendous consequences, both personal and financial, as a direct result of Morin's behaviour. Taking into account the many aggravating factors, the judge sentenced Morin to 36 months of prison and to a fine of over \$900,000.



“THIS CASE SENDS A STRONG MESSAGE TO INDIVIDUALS ENGAGED IN SECURITIES FRAUD AND ILLEGAL DISTRIBUTIONS THAT THEY WILL BE HELD ACCOUNTABLE FOR THEIR MISCONDUCT. WE WILL CONTINUE TO SEEK PRISON SENTENCES FOR INDIVIDUALS WHO COMMIT CRIMES LIKE THESE, WHICH HAVE A DEVASTATING IMPACT ON THE LIVES OF PEOPLE AND THEIR FAMILIES.”

Jeff Kehoe, Director of Enforcement at the OSC,
commenting on the William Wallace and Robert Heward case

“THE COURT ALSO CONSIDERS THE AMOUNTS INVESTED, THE AMOUNTS LOST BY THE INVESTORS, MORE THAN \$5 MILLION, THE USE OF PONZI SCHEME, THE FAILURE TO REIMBURSE HIS VICTIMS, THE DRAMATIC CONSEQUENCES SUFFERED, FINANCIALLY AND PERSONALLY, BY THE VICTIMS AND THE LACK OF SINCERE REMORSE BY MORIN.”

Provincial Court of Québec Judge Gilles Garneau, ruling on the Robert Morin case





CRIMINAL CODE PROSECUTIONS

In some jurisdictions, securities regulators work in partnership with law enforcement agencies to investigate contraventions of the *Criminal Code* involving complex matters related to financial crime in the capital markets. These prosecutions rely on expanded tools available in the *Criminal Code*, such as search warrants, surveillance and undercover operations, and are conducted by Crown counsel with advice and input provided by securities regulators.

Carole Morinville was an independent insurance representative, but was not registered with the AMF as a securities dealer. In 2010, the AMF instituted an investigation with respect to potential illegal distribution of securities involving Morinville. During its investigation, AMF was able to freeze Morinville's assets to protect investors. Morinville encouraged people with whom she had developed a relationship of trust to make investments by promising them no risk and steady returns of five to 15 per cent, although she was ambiguous about the nature of the investments. She did not specify in which securities she would invest or give details about how the funds would be used and she gave false account statements to insistent investors. Morinville used a Ponzi strategy by soliciting new investments to reimburse earlier investors and raised \$3.7 million from 60 investors. She repaid \$1.1 million, but failed to make any investments with the remainder of the funds

entrusted to her. Two months before the trial, Morinville pled guilty to criminal charges of fraud and forgery. Based on the numerous aggravating factors, notably the number of victims, high number of losses, negative psychological and financial consequences to the victims, and abuse of trust and friendship, she was sentenced to a 42-month jail term. The Fonds d'indemnisation des services financiers managed by the AMF reimbursed a total of \$1.7 million to 32 victims.

The Roberto Castano case in B.C. uncovered a Ponzi scheme. The BCSC launched its investigation into Castano in 2009, following a tip from a financial institution. Castano was raising money from investors through his company, Skyline Communications, and investing that money in the stock market through a brokerage account. Castano issued promissory notes and told investors that their money would be used to trade in the stock market and investors would receive returns of five per cent per month. The BCSC found that Castano did not use all of the investors' money for its intended purpose and instead, used funds to pay interest and principal repayments to investors, as well as for personal expenses. In 2012, the Crown approved charges of theft and fraud and in 2016, Castano entered a guilty plea. On August 16, 2016, Castano was sentenced to 27 months' imprisonment and ordered to pay seven investors a total of approximately \$1.5 million in restitution.

In Ontario, four individuals were charged and prosecuted in 2016 for their role in a scheme that involved using confidential information about new parents to generate Registered Education Savings Plans (RESP) sales leads.

Following an investigation by the OSC's JSOT, Nellie Acar and Esther Cruz were charged under the *Criminal Code*. Acar, formerly employed as a Global RESP Corporation sales representative, acknowledged that she forged a RESP application on behalf of a victim in 2014, using it to open an RESP account. In addition, Acar acknowledged that she gave Cruz, a hospital system employee, approximately \$3,500 in return for providing confidential patient information over a two-year period. Both Acar and Cruz were sentenced to six-month conditional sentences. In addition, both individuals were given two years' probation with conditions and were required to perform 340 hours of community service.

Polina Edry, a branch manager for Knowledge First Financial Inc., and Subramaniam Sular, an assistant branch manager for C.S.T. Consultants Inc., were registered dealers and charged with one count each of participating in an improper referral arrangement with another person or company contrary to registration requirements and the *Securities Act* (Ontario). Edry and Sular acknowledged that between 2012 and 2014, they participated in an improper referral arrangement. Edry admitted to paying approximately \$10,000 to a hospital employee for names of new parents to generate RESP sales. In addition, Sular paid approximately \$2,000 for names of new parents. Edry was sentenced to two years' probation, including 300 hours of community service, and a fine of \$36,000 plus a \$9,000 victim fine surcharge. Sular was sentenced to two years' probation, including 150 hours of community service, and a fine of \$3,000 plus a \$750 victim fine surcharge. The terms of probation also required Edry and Sular not to engage in the securities business until the completion of the community service hours to the satisfaction of their probation officers and upon being licensed by the OSC.



“IN REGARDS TO AGGRAVATING FACTORS, THE TESTIMONY OF FOUR INVESTORS POINTS A SOMBRE PICTURE OF CAROLE MORINVILLE, WHO EXPLOITED VULNERABLE PEOPLE AND CULTIVATED PERSONAL RELATIONSHIPS THAT MADE THEM FEEL ASHAMED OF BEING DECEIVED BY HER

...

HAD IT NOT BEEN FOR THE AMF’S INTERVENTION, SHE WOULD HAVE CARRIED ON WITH HER ACTIVITIES, STILL INTENDING TO REIMBURSE INVESTORS USING THE PROFITS OF HER NEW COMPANY AND THE INSURANCE PREMIUMS SHE SOLD.”

Provincial Court of Québec Judge Louise Villemure,
ruling on the Carole Morinville case





“THE BCSC FOUND THAT CASTANO DID NOT USE ALL OF THE INVESTORS’ MONEY FOR ITS INTENDED PURPOSE; INSTEAD, HE USED SOME FUNDS TO PAY INTEREST AND PRINCIPAL REPAYMENTS TO INVESTORS AND USED OTHER FUNDS FOR PERSONAL EXPENSES.”

BCSC press release

“WE PERMIT BUSINESSES LIKE [KNOWLEDGE FIRST FINANCIAL INC.], TO CONTACT PEOPLE IN THE INTEREST OF SELLING THEIR PRODUCT, BUT WE DON’T PERMIT THEM TO FACILITATE THE BREACH OF PATIENT PRIVACY TO IDENTIFY MATERNITY PATIENTS TO BE THE TARGETS OF THESE CONTACTS.”

Ontario Court of Justice, ruling in the Polina Edry and Subramaniam Sulur case



THIS APPENDIX, FORMERLY KNOWN AS THE CONCLUDED CASES DATABASE, INCLUDES ALL OF THE LINKS TO THE 2016 CASES.

In previous years, the CSA published all case names to an online Concluded Cases Database. The information previously available in that database can now be found on the [CSA's Disciplined List](#) online, which is intended to assist the public and the securities industry in conducting due diligence.

This Disciplined List includes the violations and conduct categories included in this report. In the online Disciplined List database:

- Fraud includes: fraud; forgery; and falsification
- Misconduct by Registrants includes: unregistered activities and/or approved activities; unregistered, unauthorized and/or improper trading; conflict of interest and/or acting against client interest; unsuitable investments and/or recommendations; and failure to discharge *Know Your Client* and *Suitability* obligations
- Illegal Distribution includes: illegal or unregistered distributions; unregistered, unauthorized and/or improper trading; and improper reliance on prospectus exemptions
- Disclosure Violations includes: misrepresentations; disclosure violations; internal controls violations; and failure to file insider's report

FRAUD

2241153 Ontario Inc.; Setenterprice; Singh, Sarbjeet; Banik, Dipak; Guerenska, Stoyanka; Nikolov, Sophia and Todorov, Evgueni (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision on Sanctions and Costs

- [Link in English](#)
- No French Link Available

Bedford, Terrence (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision

- [Link in English](#)
- No French Link Available

Blue Gold Holdings Ltd.; Kurichh, Raj; and Greening, Nigel (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision on Sanctions and Costs

- [Link in English](#)
- No French Link Available

Bradbury, Nelson Peter (AB)

Decision

- [Link in English](#)
- No French Link Available

Bradon Technologies Ltd.; Compta, Joseph; Ensign Corporate Communications Inc. and German, Timothy (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision on Sanctions and Costs

- [Link in English](#)
- No French Link Available

Calmusky, Randy Zenovi (AB)

Decision

- [Link in English](#)
- No French Link Available

Davis, Larry Keith (BC)

Decision

- [Link in English](#)
- No French Link Available

Dhanani, Ayaz (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) (BC)

Decision

- [Link in English](#)
- No French Link Available

Dinardo, Paul Camillo (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision

- [Link in English](#)
- No French Link Available

Figueiredo, Rui (aka Roy Figueiredo); PARE Realty Ltd. and 0929870 B.C. Ltd. (BC)

Decision

- [Link in English](#)
- No French Link Available

Lau, Tin Chao Alan (BC)

Decision

- [Link in English](#)
- No French Link Available

Maddigan, Robert James and 0902395B.C. Ltd. (BC)

Findings

- [Link in English](#)
- No French Link Available

Narayan, Saileshwar Rao; Prosperity Development Group Ltd.; Prospera Mortgage Investment Corporation and Prospera Management Corp. (AB)

Decision

- [Link in English](#)
- No French Link Available

Nelson, Doris Elizabeth (BC)

Decision

- [Link in English](#)
- No French Link Available

Peers, Robert David (AB)

Order

- [Link in English](#)
- No French Link Available

Press Release

- [Link in English](#)
- No French Link Available

Rush, Robert Bruce and Breakthrough Financial Inc. (BC)

Decision

- [Link in English](#)
- No French Link Available

Spangenberg, John 'Johny' 'JFA' Ferdinand Alexander; Odyssey Renewable Growth Inc. and geoTreasuries Clean Energy Limited (all also known as Clean Carbon Finance, Clean Energy Finance USA, One geoFinance, GT2 Climate Risk Bonds Inc., and GeoSteward Inc.) (BC)

Decision

- [Link in English](#)
- No French Link Available

Tang, Weizhen (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision

- [Link in English](#)
- No French Link Available

Vermeeren, Douglas John (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Wallace, William and Heward, Robert (ON)

Press Release

- [Link in English](#)
- No French Link Available

Welcome Place Inc.; Maxsood, Daniel (also known as Muhammad M. Khan); Zhang, Tao and Ashraf, Talat (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Williams, Thomas Arthur; Global Wealth Creation Opportunities Inc.; Global Wealth Creation Opportunities Inc. (Belize); Global Wealth Financial Inc.; Global Wealth Creation Strategies Inc.; CDN Global Wealth Creation Club RW-TW, 2002 Concepts Inc.; Nemeth, Susan Grace; Penko, Renee Michelle; Finney, Paul; Beilstein, Irene G.; Kiemel, Christina; Becker, Helena Yvonne; Weigel, Dennis Carl; Sam, Daniel Quoming; Clark, Eric; Downing, Sharon and Williams, Robert Laudy (BC)

Decision

- [Link in English](#)
- No French Link Available

ILLEGAL DISTRIBUTION

7997698 Canada Inc. (carrying on business as International Legal and Accounting Services Inc., World Incubation Centre, or WIC (On)); Lee, John (also known as Chin Lee) and Huang, Mary (also known as Ning-Sheng Mary Huang) (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

AAOption; Galaxy International Solutions Ltd. and Eshel, David (SK)

Decision

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Alexander, Clifford George (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Belleau, Nathalie; Laroche, Alain and 9175-3178 Québec inc. (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Bousquet, Luc and MIB Conseils inc. (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Merits Decision

- No English Link Available
- [Link in French](#)

Chazel Capital inc.; Ofir Mine Project LP and Savard, André (QC)

No Links Available

Déry, Simon (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Desarzens, Alain André (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Desbiens, Jean; Desbiens, Ghislaine and Services financiers P.G.Q.S. inc. (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Desmarais, Jean-Pierre (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Desroches, Michel; Galipeau, Michel; Karatbars International GmbH, La Rivière Robert and Snopek, Anthoni

No Links Available

Duchaine, Steve (QC)

No Links Available

Dunk, Michelle (ON)

Press Release

- [Link in English](#)
- No French Link Available

Dunn, Patrick Aaron (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link to English](#)
- No French Link Available

EMO Resources Ltd.; Avci, Abdulmenaf; Thornton, John S.; Jenson, Paul; St. Claire, Elliot; Commodities Market Edge LLC and Krause, Cliff (SK)

Decision

- [Link in English](#)
- No French Link Available

Fafard, Mylène (QC)

Decision

- No English Link Available
- [Link in French](#)

Financière Prêtbec Ltée; Paiement, Marcel; 9319-271 Québec inc and Prêtbec Ltée (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Forest, Jacinthe (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Future Solar Developments Inc.; Cenith Energy Corporation, Cenith Air Inc.; Angel Immigration Inc. and Qin, Xundong (also known as Sam Qin) (ON)

Reasons and Decisions

- [Link in English](#)
- No French Link Available

Gagné, Danny and 6285431 Canada inc. (carrying on business as ISpeedzone) (QC)

Press Release

- No English Link Available
- [Link in French](#)

Gaudet, Venard (Lenny) (ON)

Press Release

- [Link in English](#)
- No French Link Available

Gauthier, Guy-Paul; Heller, Michael E. and Beluga Composites Corporation (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Global 8 Environmental Technologies, Inc. (AB)

Merits Decisions

- [Link in English](#)
- No French Link Available

Sanction Decisions

- [Link in English](#)
- No French Link Available

Global Social Capital Partners, Inc. and Rochard, John Byron (AB)

Merits Decisions

- [Link in English](#)
- No French Link Available

Sanction Decisions

- [Link in English](#)
- No French Link Available

Gosselin, Michel (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Hanahem, Kader (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Homerun International Inc.; First Base Investments Inc.; Homerun Capital Corp.; Homerun Equities Inc.; Homerun Capital II Corp.; Homerun Equities II Inc.; 1484106 Alberta Ltd.; 1496044 Alberta Ltd.; 1515997 Alberta Ltd.; 1539149 Alberta Ltd.; Graf, Candice Anne (a.k.a. Candi Hayward) and Hayward, Christopher Robert (AB)

Merits Decision

- [Link in English](#)
- No French Link Available

Sanction Decision

- [Link in English](#)
- No French Link Available

HRG Healthcare Resource Group Inc.; Downie, Alexander and Mohan, Daniel G. (BC)

Decision

- [Link in English](#)
- No French Link Available

Inverlake Property Investment Group Inc.; Wheatland Business Park Ltd. and Yong, Alfredo Miguel "Michael" (BC)

Decision

- [Link in English](#)
- No French Link Available

Latin Clearing Corporation and Berger, Andrew (SK)

Decision

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Leeb, Mark Andrew and Leeb, Kathy Aileen (AB)

Order

- [Link in English](#)
- No French Link Available

Press Release

- [Link in English](#)
- No French Link Available

Levy, Elie (QC)

No Links Available

Leuthe, Helga; Gravel, Guy; Bégin, Guy; Vigneault, Paul; Archer Or inc. and Archer Gold inc. (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Liahona Mortgage Investment Corp.; Liahona Administration Inc.; Rumley, Aaron; Rumley, Robert and Chaggares, Robert (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Longpré, Richard (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Major, Robert Jay; Clements, Gary Mattison and 1429250 Alberta Ltd. (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Major, Pierre and Picard, Jean-Marc (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Merits Decision

- No English Link Available
- [Link in French](#)

Morin, Robert (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Plante, Fernand (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Peloquin, Alain (QC)

No Links Available

Poulin, Daniel; Thibodeau, Claude and Champigny, Rock (Eco6) (QC)

No Links Available

RTG Direct Trading Group Ltd and RTG Direct Trading Limited (SK)

Decision

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Salanon, Daniel and Daniel Salanon Industries (QC)

Merits Decision

- No English Link Available
- [Link in French](#)

Soleja, Danish Akhtar; Dansol International Inc.; Graphite Finance Inc.; Parkview Limited Partnership and 1476634 Alberta Ltd. (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Snider, Rodney John (BC)

Decision

- [Link in English](#)
- No French Link Available

Spénard, Jerry (QC)

No Links Available

Stevenson, Rand Tyler; Derricott, Brent Ray and Smylski, Robert Michael (AB)

Reason for Sentence

- [Link in English](#)
- No French Link Available

Streifel, Chad (operating as Singular Investments) (SK)

Order

- [Link in English](#)
- No French Link Available

Tiffin, Daniel and Tiffin Financial Corporation (ON)

No Links Available

Turcotte, Christian and 6510787 Canada inc. (QC)

Merits Decision

- No English Link Available
- [Link in French](#)

Press Release

- No English Link Available
- [Link in French](#)

Vachon, Jean-Claude (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Vitug, Julius Caesar Phillip (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Zulutoys Limited and RBOptions (SK)

Decision

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

MISCONDUCT BY REGISTRANTS

Beaudoin, Rigolt & Associés inc. (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Edry, Polina (Poly) and Sulur, Subramaniam (ON)

Press Release

- [Link in English](#)
- No French Link Available

Platanitis, Dimitrios (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Merits Decision

- No English Link Available
- [Link in French](#)

Scotia Wind Inc. and Norman, Terrance (NS)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Quartz Capital Group Ltd. and Wallace Peter Lloyd (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

ILLEGAL INSIDER TRADING

Busch, Rainer; Lozeau, Michel; Donaldson, Pierre; Lavigne, Michel A.; Benoît, Stéphanie; Martel, Bruno; Légaré, Pierre; Courtemanche, André; Roy, Colette and Filiatrault, Luc (QC)

Press Release

- [Link in English](#)
- [Link in French](#)

Merits Decision

- No English Link Available
- [Link in French](#)

Choufi, Aouad (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Dionne-Bourassa, Virginie and Beaudet, Charles (QC)

No Links Available

Fournier, Ghislain (QC)

Merits Decision

- No English Link Available
- [Link in French](#)

Postrado, Andrei Miguel (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Postrado, Fernando (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Live, Patrice (QC)

No Links Available

DISCLOSURE VIOLATIONS

Greenstar Agricultural Corporation and Guan, Lianyun (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision on Sanctions and Costs

- [Link in English](#)
- No French Link Available

MacKenzie, Matthew Cory (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

McLeary, Mark Aaron (BC)

Decision

- [Link in English](#)
- No French Link Available

Michaluk, Lyle Dennis (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

Wiebe, Clifford Leroy (AB)

Settlement Agreement and Undertaking

- [Link in English](#)
- No French Link Available

MARKET MANIPULATION

Meyers, Caroline (a.k.a. Caroline Winsor, Caroline Danforth, Caroline Winsor-Meyers) (AB)

Order

- [Link in English](#)
- No French Link Available

Press Release

- [Link in English](#)
- No French Link Available

MISCELLANEOUS

Asia Finance Corporation Ltd. (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

BMO Nesbitt Burns Inc.; BMO Private Investment Counsel Inc.; BMO Investments Inc., and BMO Investorline Inc. (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Oral Reasons and Decisions

- [Link in English](#)
- No French Link Available

Campbell, David C. and Da Silva, Carlos A. (ON)

Press Release

- [Link in English](#)
- No French Link Available

CIBC World Markets Inc.; CIBC Investor Services Inc. and CIBC Securities Inc. (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Reasons and Decisions

- [Link in English](#)
- No French Link Available

CI Investments Inc. (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

de La Boursodière, Teresa Kathleen (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Dennis, Mark Allen (ON)

Order

- [Link in English](#)
- No French Link Available

Reasons and Decision

- [Link in English](#)
- No French Link Available

Eberwein, Gordon (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

HSBC Investment Funds (Canada) Inc. and HSBC Private Wealth Services (Canada) Inc. (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Jardine, Brent Glen and Indo Global Exchange(s) Pte., Ltd. (formerly Claridge Ventures, Inc.) (BC)

Decision

- [Link in English](#)
- No French Link Available

Lemieux, Henry (carrying on business as Financière Helios Capital); Altima Environment Technologie, Inc.; West Indies Capital; Rexel Énergie Inc; and Archer, Jonathan (NS)

Order

- [Link in English](#)
- No French Link Available

Malone, William Raymond (BC)

Decision

- [Link in English](#)
- No French Link Available

Pierce, Gordon Brent (BC)

Ruling

- [Link in English](#)
- No French Link Available

Pitcher, David Lorne (MB)

Order

- [Link in English](#)
- No French Link Available

Schneider, Harold (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Scotia Capital Inc.; Scotia Securities Inc. and Holliswealth Advisory Services Inc. (ON)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Smith, Vernon (ON)

Press Release

- [Link in English](#)
- No French Link Available

Sumal, Kamaljeet Kaur (also known as Kayla or Kay Sumal) (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Stratus Offshore (also operating as Stratus Financial Group International); Torgerson, Magnus; Westbrook, John; Stone, Mark and Stone, Teddy (NS)

Order

- [Link in English](#)
- No French Link Available

Administrative Penalties Decision

- [Link in English](#)
- No French Link Available

Reoji Nawata, Richard Dean (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

Verdmont Capital, S.A. (BC)

Settlement Agreement

- [Link in English](#)
- No French Link Available

Order

- [Link in English](#)
- No French Link Available

